

# FOREIGN REACTIONS TO THE AMERICAN TARIFF ACT

by

LAWRENCE B. MANN

*with the aid of the Research Staff of the Foreign Policy Association*

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## INTRODUCTION

THE tariff act of 1930, popularly known as the Hawley-Smoot tariff, became law on June 17, 1930, after a year and a half of lengthy hearings, protracted discussion in both houses of Congress, and protests by governments, chambers of commerce and agricultural associations of leading foreign countries. Widely conflicting statements have been made concerning the comparative height of this tariff, its cost to the American people, its effects on import and export trade, and the possibilities that it may result in retaliation on the part of foreign countries.

The world-wide interest in a piece of legislation which its supporters assert is purely domestic is explained very largely by the outstanding position of the United States in international trade and finance. The total value of commodities exchanged by the various nations has in recent years averaged about 35 billion dollars annually, of which the United States has supplied exports valued at about 5 billion dollars and taken imports valued at about 4¼ billion dollars.<sup>1</sup> In other words, the United States furnishes about 15 per cent of the world's exports and takes more than 12 per cent of the total imports. It ranks first among the nations as an exporter of goods, and is second only to the United Kingdom as an import market. Furthermore, the government and citizens of the United States have made foreign loans of a public and private nature during the past decade and a half which aggregate well in excess of 20 billion dollars.<sup>2</sup> It is possible that a substantial increase in the American tariff will make more difficult the payment of the interest and principal of these loans.

The facts that only about 8 per cent of domestic production is exported and that im-

ports form an even smaller proportion of consumption give the impression that foreign trade is of relatively small importance to the United States. Actually, however, the foreign demand for that proportion of agricultural and mineral production which is exported often determines the value of the entire output of the United States. This is particularly true in the case of cotton, wheat, and copper. Furthermore, exports have become of ever-increasing importance in the case of many types of finished manufactures, such as automobiles, moving pictures, electrical machinery, agricultural implements, and typewriters. On the other hand, imports of crude materials are a vital necessity for many of the largest industries. The United States is entirely dependent on foreign countries for rubber, silk, tin, coffee, cocoa, and many textile fibres, and is compelled to import a substantial proportion of the copper, petroleum, wood pulp, wool, sugar, furs, and hides and skins used by its industries.

Foreign trade is even more vital in the case of many foreign countries which do not have as large an area or as varied resources as the United States. It is necessary for them to import, and the purchasing power for these imports must be partly provided by exports. On account of its large population and high standard of living, the United States is the most important market for many types of commodities produced by these countries. It takes more than two-thirds of the exports of Mexico, Cuba, Colombia, and certain Central American countries, and from one-quarter to one-half of the imports of Brazil, British Malaya, Japan, Canada, Chile, Peru, and Venezuela.<sup>3</sup> It is not surprising that a radical revision of the American tariff has caused grave concern in many foreign lands.

1. U. S. Department of Commerce, *Commerce Yearbook*, 1929, Vol. II, p. 768.

2. "The Balance of International Payments of the United States," *F. P. A. Information Service*, Vol. III, No. 13, August 31, 1927, p. 183-198.

3. *Commerce Yearbook*, 1929, Vol. II, p. 774.

During the discussion of the Hawley-Smoot tariff, protests were received from more than 30 foreign nations in regard to changes in over 200 commodity classifications. These protests were usually inaugurated by foreign commercial or agricultural organizations, but in a number of cases were also reinforced by an official note from the government of the foreign country concerned.<sup>4</sup>

#### BY-PRODUCTS OF THE 1930 TARIFF ACT

The tariff act of 1930, in addition to encouraging upward tariff revisions in Canada, Cuba, Mexico, France, Italy, Spain, Australia and New Zealand and creating general irritation against the United States and American goods, has had a number of interesting by-products:

(1) It has resulted in several attempts to curtail imports of a number of important American products, such as automobiles, copper and moving pictures. It is impossible to estimate at the present time how far this movement will go, but it seems more likely to be successful in the case of consumers' goods, such as automobiles and moving pictures, than in the case of producers' goods, such as copper, cotton, and petroleum, which are usually not identifiable in their final form and are consequently less susceptible to boycott.

(2) The American tariff has been mentioned in a number of statements advocating the movement for a general European customs union as it is claimed that such a union would be in a better strategic position than individual countries in bargaining with the United States concerning rate concessions.

(3) The 1930 tariff act has also been cited in the United Kingdom and various British Dominions and possessions as an added reason for a system of British Empire preference. A United Empire party has been created in Great Britain; and Canada, Australia, New Zealand, Bermuda and other possessions have revised their tariffs in such a way as to encourage trade with the United Kingdom and discourage trade with foreign nations.

On the accompanying map all the countries which have taken reprisals or threaten to take reprisals against the United States as a result of the new tariff are shown in black, other countries which have protested are shaded, and countries which have made no formal protest are white.

This report will outline briefly some of the more important features of the new tariff act, the commodities and countries most affected by changes in duties, and the specific reactions of foreign countries to the passage of the act.

#### ANALYSIS OF THE 1930 TARIFF ACT

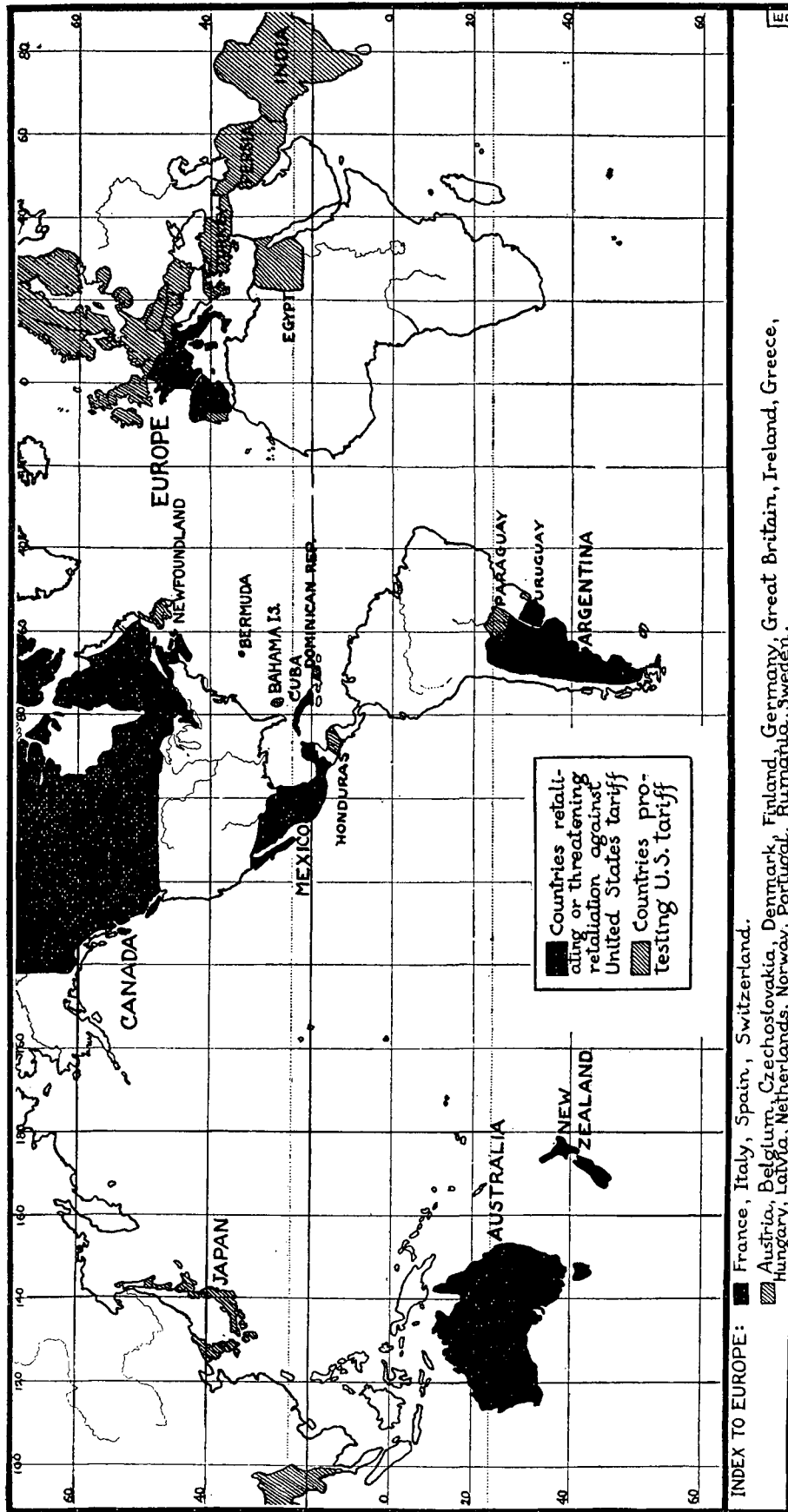
The United States has for many years had a protective tariff—that is, tariff rates are fixed at levels sufficiently high to protect American producers from the competition of lower-cost foreign producers. This is in contrast with systems of tariff for revenue only, which make no attempt to equalize foreign and domestic costs of production. The United States tariff has a single column of rates which applies to imports from all foreign countries except Cuba,<sup>5</sup> whereas practically all foreign nations have at least two columns of rates, the lower of which applies to countries with which they have “most-

favoured-nation” treaties and the higher to all other countries. Certain nations also have provisions in their tariff law for countervailing duties to be applied to imports from countries which have raised a particularly high tariff barrier against their exports.

The tariff act of 1930 encompassed a somewhat less sweeping revision of duties than did the tariff act of 1922. This was not particularly significant in view of the fact that it was enacted by the same political party as the previous act, that there had been no drastic change in price levels between the passage of the two acts, and that the President, in his message of April 16, 1929 calling a special session of Congress, had specifically recommended that the revision of

4. U. S. Senate, Committee on Finance, *Hearings on H.R. 2667 (Tariff Act of 1929)*, Foreign Communications, Vol. XVIII, Washington, Government Printing Office, 1929.

5. Cf. p. 272.



## GEOGRAPHIC EXTENT OF AGITATION AGAINST UNITED STATES TARIFF

### Countries Retaliating or Threatening Retaliation Against United States Tariff

Argentina  
Australia  
Bermuda  
Canada  
Cuba  
France

Italy  
Mexico  
New Zealand  
Spain  
Switzerland  
Uruguay

### Countries Protesting United States Tariff

Austria  
Bahama Islands  
Belgium  
Czechoslovakia  
Denmark  
Dominican Republic  
Sweden

Egypt  
Finland  
Germany  
Great Britain  
Greece  
Honduras  
Netherlands  
Turkey

Newfoundland  
Norway  
Paraguay  
Persia  
Portugal  
Rumania

schedules other than that dealing with agricultural products should be "limited." According to a tabulation by the Tariff Commission, there were 3,221 dutiable items in the act of 1930 as compared with 2,840 in the act of 1922. Of 1,125 changes in rates, 890 were increases and 235 were decreases.<sup>6</sup> Fifty items which had been on the free list became dutiable, while 75 items which had been dutiable were made free.

Calculations of the Tariff Commission indicate that the average ad valorem rates under the new law, based on statistics for 1928, are 41.57 per cent on dutiable articles and 16.01 per cent on free and dutiable articles combined.<sup>7</sup> These average rates are somewhat higher than under either of the two immediately preceding acts, about the same as under the Payne-Aldrich and Wilson acts, and lower than under the McKinley and Dingley tariffs. The significance of these comparisons is very questionable, however, as there have been radical changes in the nature of American import trade during the past forty years; crude materials and semi-manufactured articles, most of which enter free of duty, have increased greatly in relative importance, while imports of foodstuffs and finished manufactures show a corresponding decline. Furthermore, shifts of items between the free and dutiable lists make comparisons of average rates under different tariff laws misleading.

The most drastic changes in rates under the act of 1930 were recorded in the agricultural schedule, which was raised to the highest average level in the history of the United States.<sup>8</sup> But substantial increases were also shown in the average ad valorem rates in many manufactured articles in the following schedules—wool and manufactures, sugar, chemicals, cotton manufactures, and earthenware and glass.

The administrative features of the new tariff act are in the main similar to those of the previous act, although the powers of the Tariff Commission in regard to rate adjustments (the flexible clause) have been considerably broadened.<sup>9</sup>

#### RATE CHANGES AND COUNTRIES AFFECTED

The agricultural products schedule was most radically revised by the tariff act of 1930, showing 250 increases and 29 decreases in rates. Most American agricultural imports come from countries in the Western Hemisphere and consequently these revisions will most affect trade with the countries of North and South America, particularly Canada, Mexico, the West Indies, Argentina, and Uruguay. However, the increased duties on citrus fruit, olives, and nuts bear most heavily upon the countries of Southern Europe. One of the outstanding changes in this schedule was the placing of a duty of 7 cents a pound on long-staple cotton, which had previously been on the free list and which is imported principally from Egypt. A number of species which were dutiable under the act of 1922 were transferred to the free list.

The duty on raw wool was increased from 31 to 34 cents a pound and there were general increases in rates for most kinds of woolen manufactures. Clothing and combing wool, which are the raw products most affected by this tariff, are imported chiefly from Australia, New Zealand and Argentina. Imports of woolen fabrics come largely from the United Kingdom, while carpets and rugs are imported in large quantities from various Asiatic countries.

The duty on raw sugar has been increased from 2.206 cents to 2.50 cents per pound. The effective rate on sugar, however, is that accorded to Cuba; this has been raised from 1.76 cents to 2 cents per pound. Cuba is the country most seriously affected by changes in this schedule.

Among the changes in the chemical schedule were increases in the rates on acetic acid, formic acid, stearic acid, casein, whiting and glue and the placing of duties on chromic acid, crude calcium acetate, sesame oil, turpentine, and rosin, which had previously been free. Duties on boric acid, chloroform, refined chicle, synthetic indigo, ink, synthetic and refined camphor, and a number of other articles were reduced, while ammonium sulphate, crude chicle, impure tea, London purple, sodium bicarbonate and a wide variety of crude vegetable drugs were transferred

6. *Congressional Record*, June 16, 1930, p. 11257.

7. *Ibid.*

8. Associated Press summary, *Commercial & Financial Chronicle*, June 14, 1930, p. 4174.

9. *Cf.* p. 266.



from this schedule to the free list. The countries of Western Europe, particularly Germany, furnish a large proportion of our imports of chemical products.

The most noteworthy change in the earthenware and glassware schedule was the placing of duties on brick and cement, which come chiefly from Belgium. Duties on earthenware, chinaware, plate glass and carbon filament lamps were increased. These commodities are imported chiefly from Czechoslovakia, Germany and Belgium.

The principal change in the cotton manufacturers' schedule was the placing of an additional duty of 10 cents per pound on the long-staple cotton contained in any imported cotton manufactures, to compensate for the duty on raw cotton. Imports of cotton manufactures come largely from Western Europe. A number of small increases were also made in the silk and rayon schedules which are likely to affect imports from France and Italy. The most important changes in the sundries schedule were the placing of duties on hides and skins, leather and shoes, and the increase of duties on gloves, cork products and matches in boxes. Cattle hides are imported in large quantities from Argentina, Canada and Uruguay; leather from the United Kingdom, Canada, Germany and France; shoes from Czechoslovakia; cork products from Spain, and matches in boxes from Sweden. Duties on diamonds, which are imported chiefly from Belgium and the Netherlands, and pearls, which come largely from France, were reduced.

#### ADMINISTRATION OF THE TARIFF ACT

The administrative features of the tariff act of 1930 are similar to those of the act of 1922. The most significant changes are in connection with the powers of the Tariff Commission, rules as to drawbacks and refunds, the provision relating to importation of goods made with forced labor, and the provisions in regard to unfair practices of importers and discrimination between foreign countries.

Provisions concerning the organization and powers of the Tariff Commission contained in the revenue act of 1916 and the tariff act of 1922 have been revised and

brought together in the 1930 act. The commission is to continue to consist of six members, but their term of office has been reduced from 12 to 6 years, and their salaries have been increased from \$9,000 to \$11,000. The Tariff Commission is given broad powers of investigation in regard to the effects of the customs law, the relation between rates of duty on raw materials and finished products, the effects of ad valorem and specific duties, and questions in regard to the arrangement of schedules, and the classification of articles under the law. In particular it is authorized:

(1) to report to Congress by July 1, 1932 the equivalent of all foreign-value ad valorem rates in the new law converted to a basis of United States value;

(2) to ascertain within eight months of the passage of the act the differences in cost of production of petroleum in the United States and Venezuela.

In the flexible clause, which is described in detail on page 266 of this report, the commission is authorized to fix new rates of duty, subject to the approval of the President, whereas it had no rate-making authority under previous tariff laws.

#### DRAWBACKS

The following are the most important changes in the regulations concerning drawbacks, which may be defined as the repayment of customs duties paid on imported merchandise which is re-exported:<sup>10</sup>

(1) No drawback is allowed on flour, whereas a drawback was permitted under the act of 1922 if domestic wheat used in the flour was equal to not less than 30 per cent of the imported wheat.

(2) A drawback is permitted in the case of exports containing sugar, non-ferrous metals and non-ferrous ores, if an equivalent amount of dutiable sugar, metals, or ores were imported during the previous year by the manufacturer producing such articles, regardless of whether the specific exports contained imported materials.

The discontinuance of the provision for a drawback on flour tends to discourage the

<sup>10</sup> U. S. Tariff Commission, *Dictionary of Tariff Information*, p. 271.

importation of foreign wheat for use in flour mills, while the liberalization of the regulations concerning drawbacks on sugar and non-ferrous metals tends to encourage the importation of those products for refining prior to re-export.

(3) A return of 99 per cent of the duty is permitted on imported merchandise which does not conform to samples or specifications, if returned to the customs authorities within 30 days of release. This is a reversal of the previous policy.

#### CONVICT AND FORCED LABOR

The prohibition of convict-made manufactures is revised under the 1930 act and extended to include forced labor.<sup>10a</sup> An attempt has been made to utilize the new provision to exclude imports of pulp wood, manganese, and anthracite from Russia. The Treasury Department actually stopped the importation of pulp wood on July 25, but after a hearing lifted the embargo, on the ground that the evidence in regard to the use of convict labor was "conflicting and inconclusive."<sup>11</sup>

#### UNFAIR PRACTICES

Provisions in regard to unfair practices in import trade,<sup>12</sup> and discrimination by foreign countries are made somewhat more drastic. In case of unfair practices, the President may exclude the offending merchandise immediately and the right of appeal to the Supreme Court is eliminated. The powers of the President in case of discrimination by foreign countries are broadened

so that he may not only increase duties on or exclude merchandise from the offending countries, but may also increase duties on or exclude from importation merchandise from a third country carried in vessels of the discriminating country.

#### THE FLEXIBLE PROVISION

Much emphasis has been placed by the President and other advocates of the new tariff act on the "flexible provision" and the possibilities of using this provision to correct any injustices in the law. Actually, this section of the 1930 act is rather similar to that which has been in effect since 1922. In both acts the Tariff Commission is authorized to ascertain the differences in cost of production between domestic articles and similar foreign articles and to recommend that rates be changed in case they do not equalize differences in costs of production of the domestic and foreign articles. In the new act, however, the commission is authorized to substitute average invoice prices or wholesale prices for production costs in case the latter cannot be satisfactorily determined. This should eliminate much of the foreign irritation which has been due to cost investigations abroad, and considerably reduce the time required in making an investigation. Under the act of 1922 it was specified that the President should determine the new rates to be proclaimed, whereas the act of 1930 authorizes the Tariff Commission to specify such new rates. Under both acts the rate of duty cannot be changed more than 50 per cent from that fixed by statute, and transfers between the free and dutiable lists are prohibited.

If the Tariff Commission finds that differences in cost of production cannot be equalized by changes in rates or classifications, it may change the basis of the rate of duty from the foreign wholesale price or export value to the American selling price.

Any changes in rates of duty, classification or basis of value are to be announced by the President in a proclamation in case he approves of them and will become effective in 30 days' time.

The Senate in a resolution on June 18 or-

10a. "All goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited, and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision. The provisions of this section relating to goods, wares, articles, and merchandise mined, produced or manufactured by forced labor or/and indentured labor, shall take effect on January 1, 1932; but in no case shall such provisions be applicable to goods, wares, articles, or merchandise so mined, produced, or manufactured which are not mined, produced, or manufactured in such quantities in the United States as to meet the consumptive demands of the United States.

"Forced labor," as herein used, shall mean all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily."

11. *New York Herald Tribune*, August 2, 1930.

12. Defined as "unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States."

dered the Tariff Commission to investigate the comparative costs of production in the United States and abroad of shoes, cement, and a number of farm implements, and the President has indicated his desire to make real use of this section of the act.

Under the flexible clause of the act of 1922 the Tariff Commission in the course of seven years received 603 applications for investigations covering 375 commodities; it instituted 83 investigations covering 91 com-

modities, and completed 47 investigations covering 56 commodities.<sup>13</sup> Rates were changed by Presidential proclamation in the case of 38 commodities (33 increases and 5 decreases, while no action was taken in the case of 18 commodities. As a rule, investigations in the past required about two years for completion, as it was necessary to hold hearings and conduct extensive inquiries into both the domestic and foreign costs of production.

## EFFECTS OF THE NEW AMERICAN TARIFF POLICY ABROAD

In order to determine what justification there is for foreign protests against the United States tariff it is desirable to have some idea of the comparative height of the tariff walls which surround the leading countries. Any entirely accurate comparison of the average height of different tariffs is of course impossible, owing to the differences in the commodities imported, in the classifications, and in the basis of rates. However, the Preparatory Committee for the World Economic Conference, in conjunction with the Secretariat of the League of Nations, made a careful study of this problem in 1926.<sup>14</sup> For purposes of its study the Preparatory Committee of the League defined the height of a tariff as "equal to the average of the percentages which the duties imposed by any given country constitute of the values of the commodities which go to compose the whole catena of goods normally entering into international trade." Such averages or indices were computed by four different methods for 20 different countries for the years 1913 and 1925. The results obtained for 1925 by the most refined of these methods<sup>15</sup> are indicated below.

COUNTRY	INDEX	COUNTRY	INDEX
Spain .....	41	Germany .....	13
United States .....	31	India .....	13
Argentina .....	22	Austria .....	12
Hungary .....	22	France .....	12
Poland .....	21	Sweden .....	12
Jugoslavia .....	20	Switzerland .....	10
Czechoslovakia .....	19	Belgium .....	9
Australia .....	18	Denmark .....	6
Italy .....	16	United Kingdom ....	5
Canada .....	15	Netherlands .....	4

13. U. S. Tariff Commission, *Thirteenth Annual Report*, 1929, p. 10.

14. League of Nations, Economic and Financial Section, C.E.I.37., *Tariff Level Indices*, May 1927.

According to these indexes the United States tariff was higher in 1925 than that of any of the other countries studied, except Spain; its relative position, moreover, was the same in the results obtained under each of the other three methods used by the League of Nations. Russia and the Baltic States also have very high tariff barriers, but these countries were not included in the League's studies and consequently cannot be ranked on a comparable basis. Since 1925 there have been increases in the tariff schedules of a number of the countries studied, but these were in most cases less drastic than the recent advance in the American tariff.

After making allowances for recent changes in rates, Spain continues to have the highest tariff level of the countries included in the survey of the League of Nations, while the United States ranks second in this respect.

### FORMAL PROTESTS

During the period of a year and a half that Congress spent in revising the tariff there was widespread agitation in foreign countries concerning the effects of the proposed legislation. In part, this agitation took the form of memoranda of foreign governments, transmitted through the Department of State, but there was also much unofficial protest voiced in foreign newspapers and

15. A list of 278 commodities was used, which was obtained by taking about 20 of the most important exports from 14 separate countries. Prices were obtained by dividing export values by export quantities and were used in converting all specific duties to an ad valorem basis. Tariff rates were averaged after weighting them according to the value of trade in the commodity and the total value of all exports from the various export countries considered.

periodicals; likewise there were threats of retaliatory tariffs and the boycott of American goods by commercial and agricultural associations in foreign countries.

Altogether, official notes of protest were received from more than 30 foreign governments and covered over 200 commodity classifications. These communications varied from mere notes of transmittal to solemn warnings of reprisal on the part of the government or people concerned.<sup>16</sup>

The longest communications in regard to commodities affected by proposed changes in the tariff were received from the British Empire, and the duties protested affected the cotton and woolen textiles of England, the cashew nuts of India, the onions, celery, kale, beets, parsley and other vegetables of Bermuda, the sponges of the Bahamas, the wool, hides and skins, sausage casings, and pearl shells of Australia, and commodities raised in many other separate possessions.<sup>17</sup>

Almost all of the other commercial nations protested duties which would affect their more important industries. In most of the memoranda an attempt was made to point out that the new duty was excessive in view of statistics of production costs in the protesting countries and the relative unimportance of the competition to United States industries. In a few cases it was pointed out that the industry protected was practically non-existent in the United States and that, consequently, the tariff would impose an unnecessary burden on American consumers. There was little, if any, attempt to prove that the proposed duties would result in discrimination against the protesting countries.

It is questionable whether these formal protests of foreign governments had any appreciable effect on many of the rates specifically named. However, it is possible that the large number of these protests had some effect on the attitude of American financial interests and export industries toward the bill and tended to restrict the average increase in rates.

Two of the most severe foreign protests against proposed changes in the tariff schedules were made by the French lace-workers and the Swiss watchmakers. A sharp ad-

vance in lace duties was incorporated in the proposed tariff bill early in 1929 and this resulted in a parade of protest by 20,000 lace-workers at Calais and direct appeals by them to the American Ambassador.<sup>18</sup> As a result, the schedule was reconsidered and the rates restored to their former level of 90 per cent.

In the case of watches and watch movements changes were incorporated in the proposed tariff which would have increased duties between 400 and 500 per cent. These proposals led to the drawing up of resolutions of protest at a mass meeting of 15,000 clock and watch-workers at Bienne, while smaller meetings of popular protest were held in other Swiss towns.<sup>19</sup> In this case also the result was a downward revision in the proposed rates.

Numerous less dramatic protests have been made against various rates in the new tariff by foreign chambers of commerce, manufacturers' associations, and agricultural associations. These have in many cases been accompanied by threats of reprisal in the form of cancellation of most-favored-nation treaties, retaliatory tariffs, and boycotts of American goods.

#### VALUE OF TRADE AFFECTED BY RATE CHANGES

The ultimate effect of a general revision of tariff rates upon United States foreign trade is difficult to calculate because of the large number of items affected, the marked variance in results from different rate changes, the indirect effects of rate changes upon demand, and the impossibility of separating the effects of rate changes from other economic factors, such as style changes and cyclical movements of general business. However, some indication of the relative effect of a tariff revision upon the trade with different foreign countries may be obtained by analyzing the proportion of imports from each country which are affected by rate changes.

In the accompanying table, based on data published by the Tariff Commission, the imports of the United States from each of its leading sources of supply are analyzed to indicate the total value of imports and the proportion of trade affected by increases or

16. *Hearings on H.R.2667*, cited.

17. *Commercial and Financial Chronicle*, June 7, 1930, p. 3989.

18. *The Annalist* (New York), June 27, 1930.

19. *Journal de Genève*, April 30, 1930.



IMPORTS INTO UNITED STATES BY COUNTRIES IN 1927 AND AMOUNT OF TRADE IN  
LEADING COMMODITIES AFFECTED BY CHANGES IN TARIFF RATES<sup>20</sup>  
(Values expressed in thousands of dollars)

COUNTRY	Attitude Toward New Tariff*	Total Value of United States Imports	Value of Imports of 10 Leading Commod- ities	Value of Trade Affected by Changes in Rates on Leading Imports			Percentages of Value of Trade in Leading Imports Affected by Rate Changes		
				Increases	Decreases	Unchanged	Increases	Decreases	Unchanged
NORTH AMERICA									
Canada .....	R	475,028	283,579	66,477	8,450	208,651	23	3	74
Cuba .....	R	256,786	249,998	219,289	.....	30,703	88	0	12
Dominican Republic .....	P	11,027	9,337**	744	.....	8,593	8	0	92
Mexico .....	R	137,815	90,348	3,207	4,850	82,291	4	5	91
Netherland West Indies .....	N	29,933	29,808	.....	.....	29,808	0	0	100
SOUTH AMERICA									
Argentina .....	R	97,240	81,605	71,057	.....	10,548	87	0	13
Brazil .....	N	203,027	199,966	3,359	.....	196,607	2	0	98
Chile .....	N	61,857	59,156	426	.....	58,730	1	0	99
Colombia .....	N	87,803	87,239	1,393	.....	85,845	2	0	98
Peru .....	N	20,091	19,278	2,519	.....	16,758	13	0	87
Uruguay .....	R	10,895	9,975	8,343	.....	1,632	84	0	16
Venezuela .....	N	28,598	28,122	335	98	27,690	1	†	98
EUROPE									
Austria .....	P	10,611	3,525	1,896	241	1,387	54	6	40
Belgium .....	P	72,234	39,845	8,136	15,973	15,736	20	40	39
Czechoslovakia .....	P	31,726	12,874	6,906	.....	5,969	54	0	46
France .....	R	167,800	46,849	16,048	.....	30,801	34	0	66
Germany .....	P	200,554	48,940	3,807	10,739	34,396	8	22	70
Greece .....	P	29,646	28,295	801	1,146	26,349	3	4	93
Italy .....	R	108,970	57,152	39,938	.....	17,213	70	0	30
Netherlands .....	P	87,242	60,852	18,874	21,317	20,660	31	35	34
Norway .....	P	22,231	17,395	.....	1,864	15,531	0	11	89
Soviet Russia in Europe .....	N	12,139	11,444	5,901	1,522	4,020	52	13	35
Spain .....	R	34,351	19,955	13,065	.....	6,880	65	0	35
Sweden .....	P	47,896	39,645**	1,380	.....	38,264	3	0	97
Switzerland .....	R	45,866	18,896	11,645	1,513	5,737	62	8	30
Turkey in Europe .....	P	12,394	9,755**	1,273	1,458	7,510	13	15	72
United Kingdom .....	P	357,931	144,207	27,461	8,117	108,629	19	6	75
ASIA									
British India .....	P	131,003	111,516	.....	2,785	108,731	0	2	98
British Malaya .....	N	277,784	276,352	.....	1,202	275,250	0	†	100
Ceylon .....	N	40,846	40,346	368	558	39,419	1	1	98
China .....	N	151,680	117,029	14,480	8,289	94,260	12	7	81
Hongkong .....	N	14,785	10,451	1,497	263	8,692	14	3	83
Japan .....	P	402,105	367,057	5,568	.....	361,489	2	0	98
Netherland East Indies .....	N	91,388	83,999**	.....	1,649	82,350	0	2	98
OCEANIA									
Australia .....	R	38,627	33,949**	18,851	.....	15,098	56	0	44
New Zealand .....	R	12,671	11,551	4,004	.....	7,546	35	0	65
AFRICA									
Belgian Congo .....	N	16,015	16,002**	.....	.....	16,002	0	0	100
British West Africa .....	N	23,945	23,848	87	346	23,738	†	1	98
Egypt .....	P	33,292	32,483**	31,735	.....	748	98	0	2

\*R Reprisals or threats of reprisal; P Formal protests; N No formal protest.

\*\* Number of commodities is 10 except in the case of countries thus indicated.

† Less than ½ of 1 per cent.

20. U. S. Tariff Commission, *Statistics of Import and Export Trade of the United States with Foreign Countries for 1927, and United States and Foreign Rates of Duty on the Leading Items of Commerce*, Washington, Government Printing Office, 1930.

decreases of rates under the tariff act of 1930. Certain limitations should be noted in connection with data presented by this table.

(1) Data for 1927 were used, as complete analyses of United States trade by countries and commodities have not yet been published for later years.

(2) The trade sample analyzed in respect to changes in tariff rates was limited in most cases to the ten leading imports from each country. Comparison with the total value of imports from each country, which is also shown in the table, indicates that the sample covers a sufficient proportion of the trade to be reasonably representative in the case of most American, Asiatic, and African countries, but forms a much smaller proportion of the imports of many European countries, such as France, Germany, and the United Kingdom. This is due to the fact that American imports from industrial nations are much more diversified than imports from countries which are primarily agricultural.

(3) The proportion of imports from any given country which is affected by rate increases does not necessarily measure accurately the effect of the new tariff on that country's trade, as certain rate increases may have much more drastic results than others. For example, it is improbable that the increase of 5 per cent in the ad valorem duty on silk wearing apparel will greatly curtail American imports of such articles, whereas it is extremely probable that the duty of 7 cents a pound on long-staple cotton, which was previously on the free list, will encourage changes in manufacturing processes and the substitution of large quantities of the shorter American cotton.

The percentages of value of trade in leading imports affected by rate changes are shown in the columns at the right of the table and indicate that there are very marked differences between countries. Rate increases will be applied to a very large proportion of our imports from Cuba, Argentina and Uruguay and a considerable share of imports from Canada, but only a small part of the trade with other American countries. Among the countries of Europe, Italy, Belgium, Spain, Switzerland, Austria,

and Czechoslovakia show most serious effects from changes in tariff rates. However, for the reasons indicated above, the trade sample is not very representative in the case of many European countries. The only other countries which seem likely to be materially affected by the revised tariff schedules of the United States are Egypt, Australia, and New Zealand. A large proportion of imports from Asia consists of raw materials which will continue to enter free of duty.

One of the interesting features brought out by the above analysis of import statistics is the close correspondence between the attitude of foreign countries indicated by the column at the left of the table and the actual proportion of their trade affected by increased rates. It indicates that more than half the value of the leading imports from seven of the eleven foreign countries which have taken or threaten to take reprisals against the United States are affected by increased duties, as well as a substantial proportion of the imports from three of the other countries. On the other hand, less than 15 per cent of American imports from each of the thirteen countries included in the table which made no formal protest are affected by rate advances.

#### FOREIGN RETALIATION

The extent of actual retaliation which will result from the increase of American tariff rates prescribed by the act of 1930 is difficult to gauge, because most foreign governments deny that any action which they may take is intended as a reprisal, because there may be a number of motives involved in changes of foreign tariff rates, and because some of the most effective retaliation may result from intangible factors, such as increased sales resistance to American goods on the part of foreign consumers. Nevertheless, the new tariff has resulted already in several very obvious acts of retaliation as well as much irritation and anti-American feeling in many foreign countries.

Canada, Cuba, Spain, Australia, and New Zealand have already made sweeping tariff revisions in 1930 which are of such a nature as to discourage imports from the United States, and Argentina and Mexico are con-

sidering substantial rate revisions. Furthermore, France, Italy and Mexico each have increased sharply their duties on one of their leading imports from the United States and there have been a number of minor rate revisions in other countries which seem to have been inspired by irritation against or emulation of the United States tariff.

In the following pages consideration is given to the situation in certain of the foreign countries which have been most seriously affected by the revision in our tariff.

### CANADA

The mutual importance of friendly trade relations between the United States and Canada is indicated by the fact that in recent years Canada has been the leading foreign market for United States merchandise, and, conversely, the United States has been the most important market for Canadian goods. In 1929 American exports to Canada totaled about \$950,000,000, while American imports from that country exceeded \$500,000,000.<sup>21</sup> The value of trade in leading commodities, according to United States statistics,<sup>22</sup> is shown below:

LEADING IMPORTS FROM CANADA, 1929	VALUE (In thousands of dollars)
Standard newsprint .....	132,282
Lumber .....	39,588
Wood pulp .....	36,550
Nickel .....	16,510
Wheat .....	16,248
Pulp wood .....	14,412
Cattle .....	14,010
Furs, undressed .....	10,928
LEADING EXPORTS TO CANADA, 1929	
Automobiles and parts .....	98,472
Iron and steel-mill products .....	73,094
Industrial machinery .....	69,544
Bituminous coal .....	54,217
Electrical machinery .....	38,645
Agricultural implements .....	37,714
Crude petroleum .....	32,357
Anthracite coal .....	32,291
Wheat .....	27,308
Cotton, unmanufactured .....	23,055
Gasoline, naphtha, etc. ....	20,579

American imports from Canada consist largely of raw materials and semi-manufac-

tured articles, while leading American exports are finished manufactures and fuel. Wheat appears both as an export and an import, but most of this grain is eventually shipped to Europe.

Agriculture is the principal industry of Canada and the drastic upward revision in rates on farm products in the new United States tariff has raised a storm of protest and ill-feeling. Although cattle is the only large item in the trade which is affected by the new rates, there are a multitude of advances on smaller items, such as halibut and potatoes from the Maritime Provinces, dairy products from Quebec, maple sugar and grain from the prairie provinces, and logs from British Columbia, the increased duties on which have caused anti-American feeling in all parts of the Dominion.

The Canadian Minister of Finance in a budget speech on May 1 announced the most drastic revision of the Canadian tariff which has occurred since 1907.

This revision, which was enacted into law by the Canadian Parliament on May 28, provided for decreases on 270 items and increases on 11 items under the British preferential tariff; decreases on 98 items and increases on 35 items under the intermediate tariff, which applies to countries having most-favored-nation treaties with Canada; and decreases on 82 items and increases on 87 items under the general tariff, which applies to the United States and other countries having no commercial treaties with Canada.<sup>23</sup> The most outstanding feature of this new tariff schedule was the introduction of countervailing duties on potatoes, soups, live stock, fresh meats, cured and pickled meats, butter, eggs, wheat, flour, oats, oatmeal, rye, cut flowers and cast-iron pipes. The effect of these countervailing duties is automatically to increase the Canadian duty to the rate any country of origin imposes on imports from Canada, providing that rate is higher than the Canadian rate. Premier King of Canada stated on June 16 that these countervailing duties were imposed in order to show the United States that Canada desires to trade on equal terms, and that the purpose of the general revision of rates by Canada was to divert to the United Kingdom

21. U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, *Foreign Trade of the United States in the Calendar Year 1929*.

22. *Commerce Yearbook, 1930*, cited, Vol. I.

23. *Commerce Reports*, May 12, 1930.

purchases of many types of goods previously bought in the United States.<sup>24</sup>

As a result of the provision for countervailing duties, rates on a large number of agricultural commodities imported into Canada from the United States were raised on June 18, when the new United States tariff became effective.<sup>25</sup> Potatoes, for example, had previously been free and now took a duty of 75 cents per hundredweight.

Tariff policies were much discussed during the election campaign in Canada in July 1930. This resulted in a decisive victory for the Conservatives, who opposed countervailing duties, but advocated higher tariff barriers against all other countries, including Great Britain and the other Dominions. The Conservatives obtained 138 seats in the House of Commons and have a majority of 33 over all other parties combined.<sup>26</sup>

It is generally anticipated that the Conservative party will make a further upward revision of the tariff, but there is some dispute as to whether the revision will aim to exclude all imports or will foster trade with other parts of the British Empire at the expense of foreign countries.<sup>26a</sup>

#### CUBA

Ever since Cuba became a nation it has been closely allied to the United States by economic as well as political bonds.<sup>27</sup> Trade between the two countries has been encouraged by a reciprocal agreement, which provides that each country shall grant the other a preference of 20 per cent on all tariff rates. In recent years trade with the United States has constituted three-quarters of Cuba's exports and over one-half of its imports. The values of leading commodities in this trade, according to United States statistics, are shown in the following table:

LEADING IMPORTS FROM CUBA 1929	VALUE (In thousands of dollars)
Sugar, cane .....	157,601
Tobacco, cigar leaf .....	18,879
Molasses .....	11,598
Cigars and cheroots .....	3,083
Iron ore .....	2,335
Pineapples .....	2,216
LEADING EXPORTS TO CUBA, 1929	
Lard .....	9,674
Cotton cloth .....	9,633
Wheat flour .....	7,990
Automobiles and parts .....	6,657
Iron and steel-mill products .....	5,456
Industrial machinery .....	5,143
Electrical machinery .....	3,473
Bituminous coal .....	2,531
Gasoline, naphtha, etc. ....	2,345
Lumber, southern pine .....	2,262
Milk and cream, condensed, etc. ....	2,228
Bacon .....	2,089

In the case of leading commodities imported from Cuba, rates on sugar, molasses and pineapples were increased by the 1930 tariff and there were also higher duties on many types of vegetables. Sugar is much the most important item in the trade and it is the increase in the average rate on Cuban sugar from 1.76 cents to 2 cents per pound which has created alarm and demands for reprisal from the Cuban people. The United States will doubtless continue to purchase all its sugar imports from Cuba owing to the preferential tariff, but there is some possibility that the increase in the duty may encourage increased production of beet sugar in continental United States and of cane sugar in Hawaii, Porto Rico and the Philippine Islands. As a consequence, the ratio of Cuban sugar to the total sugar consumption of the United States may continue the downward trend which has been in evidence since 1922.<sup>28</sup>

Cubans claim that the high duty on sugar imported into the United States is likely to continue to depress the price of Cuban sugar, which has recently been at the lowest level on record. This low price tends to reduce the purchasing power of Cuba, as it results in low wages for the workers and severe losses to both American and Cuban financial interests. Furthermore, it is al-

24. *New York Times*, June 17, 1930.

25. *New York Herald Tribune*, June 29, 1930.

26. *New York Times*, July 30, 1930.

26a. Since this report went to press, a bill was approved by Parliament on September 22, providing a further upward revision in Canadian tariff rates. The revision affected between 100 and 200 items, including agricultural products, agricultural implements, iron and steel products, gasoline, textiles, and advertising matter. The countervailing duties which were introduced in May were replaced by specific duties approximately equivalent to those imposed on similar commodities by the United States. The Premier announced that the new tariff was intended as a measure to increase employment in Canada by reducing imports of competitive goods.

27. Cf. R. L. Buell, "Cuba and the Platt Amendment," *F. P. A. Information Service*, Vol. V, No. 3, April 17, 1929 and "Sugar and the Tariff," *ibid.*, Vol. V, No. 6, May 29, 1929.

28. *Commerce Yearbook*, 1929, Vol. I, p. 237.



leged that large American companies operating in Cuba have lower production costs than many of the Cuban companies and that a continuance of low sugar prices may tend to force the latter out of business.<sup>29</sup>

Cuba's imports from the United States consist of a wide variety of foodstuffs and manufactured articles. The low price of sugar which has prevailed for several years has made it desirable for the island to increase the diversification of its industry by the production of a larger proportion of its food products and manufactures. With this end in view, President Machado of Cuba during 1930 has issued three decrees, each of which increased tariff rates on a number of products which had previously been imported in substantial quantities from the United States. On January 27 rates on onions and garlic were raised. On May 17 there were increases on a long list of agricultural products, including live stock, various kinds of fresh meat, dairy products, eggs, fish, and canned meat. Further increases on May 30 were applicable to unbleached cotton fabrics and cotton knit goods. The loss of trade to the United States resulting from these increases in Cuban duties may offset any gain to domestic industry from the higher duties on Cuban goods under the act of 1930.

## MEXICO

During the past decade there has been almost an even balance between exports and imports in United States trade with Mexico. Since 1926, however, imports have declined sharply owing to the marked drop in Mexican petroleum output, while there has been a more moderate decrease in exports.<sup>30</sup> The value of leading exports and imports during 1929 is shown below:

LEADING IMPORTS FROM MEXICO, 1929	VALUE (In thousands of dollars)
Copper, ore and unrefined .....	25,791
Sisal and henequen .....	12,083
Crude petroleum .....	11,388
Lead, ore and bullion .....	8,616
Coffee .....	7,858
Cattle .....	7,084

29. Cf. R. L. Buell, "Sugar and the Tariff," cited, p. 113.

30. *Foreign Trade of the United States in the Calendar Year 1929*, cited.

LEADING IMPORTS FROM MEXICO, 1929, <i>continued</i>	VALUE (In thousands of dollars)
Chicle .....	5,135
Cotton, unmanufactured .....	5,013
Bananas .....	3,219
Chick-peas .....	3,129
Tomatoes .....	2,791

LEADING EXPORTS TO MEXICO, 1929	
Industrial machinery .....	14,502
Automobiles and parts .....	13,386
Iron and steel-mill products .....	9,837
Lard .....	7,859
Electrical machinery .....	5,644
Wheat .....	3,549
Gasoline, naphtha, etc. ....	2,750

Of the leading articles imported from Mexico, only chick-peas and tomatoes were subject to increased duties under the new tariff act. However, the Foreign Minister of Mexico estimated on June 21 that Mexican exports valued at \$15,000,000 were affected by the act.<sup>31</sup>

Partly as a result of the American tariff and partly as a result of a shortage of food production, President Ortiz Rubio instructed the Secretary of Agriculture to draft a revised tariff which would protect Mexican farmers.<sup>32</sup> The first measure taken to this end was an increase in Mexican duties on wheat and flour; this became effective on July 20. The duty on flour in terms of United States currency was raised from 6½ cents a kilogram to 9½ cents a kilogram and many cancellations of contracts for future delivery of American flour resulted.<sup>33</sup> Duties on a long list of other articles were revised and became effective on August 11.<sup>34</sup> Vera Cruz state authorities have urged on the Mexican government the desirability of import duties on textiles, which would make it possible for the local mills to supply a large part of the textiles now imported from the United States.<sup>35</sup> In the meantime the Mexican Department of Industry, Commerce and Labor on July 23 instructed its agents to secure country-wide data on the effects of the new American tariff law.<sup>36</sup>

31. *New York Herald Tribune*, June 22, 1930.

32. *Commercial and Financial Chronicle*, June 28, p. 4537.

33. *New York Herald Tribune*, July 21, 1930.

34. *Commerce Reports*, July 28, 1930.

35. *New York Times*, July 13, 1930.

36. *Christian Science Monitor*, July 24, 1930.

## ARGENTINA

Argentina has long been the leading customer of the United States in South America, although much less important than Brazil as a source of American imports. During 1929 exports to Argentina totaled \$210,300,000, while imports aggregated \$117,600,000.<sup>37</sup> The value of trade in leading commodities is listed below:

LEADING IMPORTS FROM ARGENTINA, 1929	VALUE (In thousands of dollars)
Flaxseed .....	44,196
Cattle hides .....	23,198
Meats, canned .....	6,855
Carpet wool .....	6,370
Combing wool .....	5,043
Furs, undressed .....	3,855
Quebracho extract .....	3,769
Sheepskins and lambskins .....	3,468
Casein or lacterine .....	2,698
LEADING EXPORTS TO ARGENTINA, 1929	
Automobiles and parts .....	52,959
Agricultural machinery and implements .....	35,342
Gasoline, naphtha, etc. ....	11,189
Industrial machinery .....	9,948
Iron and steel-mill products .....	9,099
Electrical machinery .....	7,376
Lumber, southern pine .....	6,700
Cotton yarn .....	5,948

Practically all of the leading imports from Argentina are either agricultural or animal products; consequently the rate advances intended to aid the American farmer adversely affected much of this trade. Duties were raised on two-thirds of the items shown in the table and the proportion of the total trade affected was even greater.

The large increases in duties on flaxseed, corn, and casein, three of the most important commodities in the trade, have particularly aroused the Argentine farmers. The rate on flaxseed was especially irritating, as it was fixed at a much higher level than the Tariff Commission had indicated was necessary to place the American product on a competitive basis. The increased duty on corn was also considered entirely unnecessary, as practically no corn was imported into the United States under the previous rate. As a result, the Union of Agrarian Producers sent President Irigoyen a long note, pointing out that

the duty on casein is more than the local price and that the duties on flaxseed and corn are nearly half the Argentine price; it urged that a new interpretation be given to the most-favored-nation clause of commercial treaties so that tariff concessions would be extended only to nations which grant similar advantages to Argentina.<sup>38</sup>

The Argentine customs law empowers the President to increase existing duties upon products from countries which do not grant most-favored-nation treatment to or which discriminate against Argentine products; it also empowers him to grant reductions of duties upon articles which offer equivalent advantages to Argentine exports.<sup>39</sup>

The Argentine Minister of Finance on May 5 appointed a committee of customs appraisers to draw up a new tariff, which is generally expected to embrace various duties affecting leading imports from the United States.<sup>40</sup> Already regulations concerning imports of apples from the United States have been stiffened by the refusal to accept certificates of American state authorities in regard to their quality.

Distinct efforts have been made by various groups in Argentina to boycott United States goods. In this connection the Anglo-Argentine trade agreement of September 1929 is of special interest.<sup>41</sup> This reciprocal agreement resulted from the visit to Argentina of an economic mission headed by Lord D'Abernon, and possibly represents an effort to divert trade from the United States. It provides that Argentina shall purchase from Great Britain materials to the value of 100,000,000 pesos to be used in modernizing and extending the state railroads, while Great Britain is to purchase from Argentina commodities of an equivalent value, principally grain, meat, and wool. The Argentine Rural Society in June sent a circular to all members, outlining the damage done to Argentine interests by the new American tariff and urging that they refrain from purchasing American products of any description.<sup>42</sup> An

38. *New York Times*, June 30, 1930.

39. U. S. Tariff Commission, *Flexible Tariff Provisions in Foreign Countries*.

40. *Commercial and Financial Chronicle*, May 24, 1930, p. 365.

41. *The Times* (London), September 11, 1929.

42. *Commercial and Financial Chronicle*, June 28, 1930, p. 4537.

37. *Foreign Trade of the United States in the Calendar Year 1929*, cited.

association of haberdashers in July sent out a similar memorandum to its members, claiming that Argentina was most adversely affected by the United States tariff and that exports might be so curtailed as to lower the exchange rates.<sup>43</sup>

## URUGUAY

The reaction of Uruguay was similar to that of Argentina, as animal products constitute the leading imports from that country. The values of the chief commodities in the 1929 trade were as follows:

LEADING IMPORTS FROM URUGUAY, 1929	VALUE (In thousands of dollars)
Combing wool .....	7,929
Meats, canned .....	3,944
Cattle hides .....	1,996
Sheepskins and lambskins .....	696
Clothing wool .....	531
LEADING EXPORTS TO URUGUAY, 1929	
Automobiles and parts .....	7,293
Gasoline, naphtha, etc. ....	3,636
Industrial machinery .....	1,582
Agricultural machinery .....	1,497
Illuminating oil (kerosene) ..	1,443
Iron and steel-mill products ..	996
Lumber, southern pine .....	965

Duties have been increased on all of the chief imports from Uruguay except sheepskins and lambskins. One of the leading newspapers, *La Mañana*, conducted an active campaign urging the South American republics to join in a boycott of United States goods.<sup>44</sup> The Federation of Uruguayan Rural Societies urged the government to place restrictive taxes on automobiles and if necessary to ban them, as part of a program of reprisal against the United States.<sup>45</sup> Automobiles, it will be noted, are much the most important American export to Uruguay.

## SPAIN

Of European countries Spain has made the most vigorous diplomatic protests against the tariff act of 1930 and has taken the most comprehensive measures of reprisal. The values of leading articles in the trade between the United States and Spain in 1929 were as follows:

LEADING IMPORTS FROM SPAIN, 1929	VALUE (In thousands of dollars)
Cork and manufactures .....	5,856
Olives .....	4,208
Almonds .....	4,164
Olive oil, edible .....	3,585
Copper ores, etc. ....	1,910
Goat and kid skins .....	1,816
Paprika .....	1,061
Sheepskins and lambskins .....	1,020
LEADING EXPORTS TO SPAIN, 1929	
Cotton, unmanufactured .....	28,794
Automobiles and parts .....	16,567
Gasoline, naphtha, etc. ....	5,608
Industrial machinery .....	3,753
Tire casings for automobiles ..	2,013
Electric machinery .....	1,999

Cork manufactures, olives, olive oil and almonds were all affected by rate increases under the new act. Protests from cork manufacturers and onion and fruit growers were particularly violent, and the situation was discussed at a number of meetings of the Cabinet.

On July 23 a royal decree was issued raising customs duties on automobiles, sewing machines, bicycles, motorcycles, pneumatic tires, razor blades, paints, silks, hams, and other articles. At the same time it was officially stated that the new tariff aimed at protection of the Spanish currency and industries and was not in the nature of a reprisal against the United States.<sup>46</sup> However, it seems significant that a number of the commodities affected are imported chiefly from the United States and that the regulation in regard to automobiles provides that "extra-European" cars and cars containing "extra-European" parts must pay a tax higher than that on European cars. For example, the tax on a car weighing 800 kilograms is 1,440 pesetas if manufactured in Europe and 2,400 pesetas if manufactured in the United States. American automobile agencies in Spain are reducing their personnel in anticipation of a substantial curtailment of sales.<sup>47</sup>

## FRANCE

Throughout the long period that the American tariff rates were in process of revision frequent protests were received from

43. *New York Times*, July 13, 1930.

44. *New York Times*, May 15, 1930.

45. *Commercial and Financial Chronicle*, June 21, 1930, p. 4352.

46. *New York World*, July 22, 1930.

47. *New York Times*, July 24 and 27, 1930.

France of both an official and unofficial nature. The most vigorous protests transmitted by the French government were in regard to the proposed rates on alfalfa seeds, buttons, cotton lace, silk velvets, brier pipes, plate glass, artificial flowers and metallic fabrics. The success of the demonstration of Calais workers against the lace duty has been pointed out in an earlier section of this report. Most of the other protests, however, were less fruitful in their results.

American imports from France are varied in their nature, as is indicated by the following tabulation.

LEADING IMPORTS FROM FRANCE, 1929	VALUE (In thousands of dollars)
Works of art over 100 years old .....	12,725
Furs, undressed .....	6,158
Pearls, not strung .....	5,942
Gloves, leather .....	5,824
Silk wearing apparel .....	4,907
Silk fabrics .....	4,835
Perfumery, cosmetics, etc. ....	4,508
"Other precious and semi-precious stones" .....	4,364
Diamonds, cut, not set .....	4,010
Cigarette paper .....	3,856
Cotton laces, machine-made .....	3,713
Rayon manufactures .....	3,265
Walnuts .....	3,188
LEADING EXPORTS TO FRANCE, 1929	
Cotton, unmanufactured .....	86,180
Gasoline, naphtha, etc. ....	37,107
Copper (ingots, bars, rods) .....	32,574
Lubricating oil .....	12,293
Passenger automobiles and automobile parts .....	12,138
Industrial machinery .....	12,070
Tobacco leaf .....	4,266
Illuminating oil (kerosene) .....	4,021

Among the leading items only gloves, silk wearing apparel, rayon manufactures, and walnuts were affected by increased rates.

Threats of retaliation were made by various French trade associations and chambers of commerce prior to the passage of the new tariff. Many of these organizations demanded that the French government cancel the arrangement by which United States imports are granted most-favored-nation treatment and the tariff committee of the Chamber of Deputies published a statement to the effect that they would demand such cancellation unless the new duties were reduced.<sup>48</sup>

48. U. S. Department of State, *Press Releases*, June 21, 1930.

France, moreover, has enacted already a measure which is regarded as a concrete reprisal against the American tariff law. On April 18 the French tariff on automobiles was changed from a value to a weight basis, with the following rates per 100 kilograms on passenger cars: up to 1100 kilograms, 800 francs; 1100 to 1500 kg., 925 fr.; 1500 to 1750 kg., 1050 fr.; 1750 to 2000 kg., 1275 fr.; over 2000 kg., 1500 fr.<sup>49</sup> These rate changes resulted in increases of almost 50 per cent for some models and practically closed the French market to medium-priced American cars.<sup>50</sup>

#### ITALY

Prior to the enactment of the tariff act of 1930 protests were received from Italy concerning proposed duties on cheese, dried fruits, lemons, olive oil, peeled tomatoes and tomato sauce, silk, artificial silk, high-grade textiles, hemp, hats and straws, marble and products, and raw hides. The following tabulation indicates the commodities which are of particular importance in the trade between the United States and Italy.

LEADING IMPORTS FROM ITALY, 1929	VALUE (In thousands of dollars)
Olive oil, edible .....	12,397
Cheese .....	10,130
Tomatoes, canned and paste .....	9,928
Silk, raw .....	7,984
Hats and hat bodies of wool felt .....	7,021
Tobacco, cigarette leaf .....	4,182
Hats of straw, etc. ....	3,827
Works of art over 100 years old .....	3,610
Cherries, natural state .....	3,237
Almonds .....	2,791
LEADING EXPORTS TO ITALY, 1929	
Cotton, unmanufactured .....	79,660
Copper (ingots, bars) .....	15,145
Gasoline, naphtha, etc. ....	5,571
Industrial machinery .....	3,970
Lubricating oil .....	3,967
Lard .....	3,410
Iron and steel mill products .....	2,953
Coal, bituminous .....	2,148
Automobiles and parts .....	2,013

Of leading American imports from Italy, olive oil, cheese, canned tomatoes, hats and hat bodies of wool felt, straw hats, cherries, and almonds were all subject to higher du-

49. *Commerce Reports*, May 28, 1930.

50. *Commercial and Financial Chronicle*, May 24, 1930, p. 3651.



ties. The Italians were particularly disturbed by the advance in the rate on straw hats, as it followed a previous upward adjustment by Presidential proclamation to a rate which the Tariff Commission determined by scientific investigation. The amount of trade affected by these revised rates has led to a demand for retaliation in Italy, and the Minister of Finance stated on June 25 that the government was considering "measures of legitimate defense" against the increased tariff barriers of other nations.<sup>51</sup>

The meaning of the Minister's words became clear when a decree was issued (effective June 30) raising duties on imported automobiles by amounts varying from 100 to 167 per cent.<sup>52</sup> Corresponding increases were announced for other kinds of motor vehicles, bodies, and parts. The Ministry of Finance issued regulations permitting Italian manufacturers to import rough parts until December 31, 1930, at from 20 to 25 per cent of the established tariff.

#### SWITZERLAND

Few nations showed as intense interest in the new United States tariff as Switzerland. This was due to the fact that sharp advances in rates were proposed for several of the leading products of Swiss industry—watches and watch movements, embroidery, cotton goods, silk goods, and cheese. The values of a few of the leading imports from Switzerland in 1929 are shown below.<sup>53</sup>

LEADING IMPORTS FROM SWITZERLAND, 1929	VALUE (In thousands of dollars)
Watches and watch movements .....	11,345
Cheese .....	6,051
Colors, dyes, stains .....	3,000
Materials for hats .....	2,402
Cotton cloth .....	2,344

Passenger automobiles are the leading export of the United States to Switzerland and reached in 1929 a value of \$2,093,000. Other

important items in the export trade are unmanufactured tobacco, rubber tires, upper leather, typewriters, and accounting and calculating machines.

The general fear of the effects of the proposed tariff schedules resulted in large meetings of watchmakers at Bienne and Neuchatel, of embroidery and lace-workers at St. Gall, and of boot and leather-workers at Berne during the spring of 1930. The participants in these meetings passed resolutions protesting the rates proposed for the several articles in which they were interested.<sup>54</sup> As described in a previous section of the report; the protests of watchmakers and lace-workers resulted in considerable modifications of the proposed schedules and, consequently, it is improbable that any retaliatory action will be taken by the Swiss government. However, reports from Geneva on May 21 indicated that United States trade had already felt the effects of Swiss irritation against the proposed tariff, as importers had reduced purchases of typewriters, automobiles, and other American goods.<sup>55</sup>

#### AUSTRALIA

Australia has an exceptionally high standard of living and consequently purchases large quantities of American automobiles and labor-saving machinery. In 1929 American exports to Australia amounted to \$150,000,000, while imports from Australia totaled only \$31,100,000. In view of the large excess of its American imports over exports to the United States, it is not surprising that Australia views with irritation and alarm a new American tariff which adversely affects several of its most important products. Values of leading items in the trade during 1929 are listed below:

LEADING IMPORTS FROM AUSTRALIA, 1929	VALUE (In thousands of dollars)
Combing wool .....	8,486
Furs, undressed .....	7,137
Clothing, wool .....	2,452
Mother of pearl shell .....	1,791
Sausage casings .....	1,748
Sheepskins and lambskins .....	958
Cattle hides .....	942

51. *New York Herald Tribune*, June 26, 1930.

52. The rates per 100 kilograms were as follows: up to 700 kg., 300 gold lire; 700 to 1200 kg., 400 lire; and over 1200 kg., 440 lire. Cf. *New York Times*, July 3, 1930, also *Commerce Reports*, July 14, 1930.

53. These data are furnished by the U. S. Bureau of Foreign and Domestic Commerce. Information on other items for 1929 are not yet available. Statistics of American trade with Switzerland are incomplete, as all of this trade is obliged to pass through surrounding countries and some portion of it is doubtless credited to the latter.

54. *New York Times*, April 26 and June 20, 1930.

55. *Commercial and Financial Chronicle*, May 31, 1930, p 3816.

LEADING EXPORTS TO AUSTRALIA, 1929	VALUE (In thousands of dollars)
Automobiles and parts .....	36,158
Gasoline, naphtha, etc. ....	17,390
Lubricating oil .....	7,387
Tobacco, leaf .....	7,330
Industrial machinery .....	7,108
Electrical machinery .....	6,618
Illuminating oil (kerosene) .....	4,960
Agricultural machinery .....	4,734
Iron and steel, advanced manufacture ..	4,186

Australia's great animal industry is particularly affected by American tariff revision, owing to the increased rates on wool and cattle hides.

Substantial revisions have been made in Australian tariff schedules during the past year owing to depressed industrial conditions and reductions in government revenues. A general tariff revision, which became effective April 4, 1930, provided for actual prohibition of imports of a number of articles and for rationing of imports of many other commodities, as well as for substantially higher duties.<sup>56</sup> This was supplemented on June 20 by further advances in duties on a large number of commodities, including rice, piece goods, agricultural implements, printing machines, office appliances, refrigerators, radios, rubber tires, paper, and automobile parts.<sup>57</sup> In these general revisions there was no apparent discrimination against the United States, although irritation aroused by the 1930 tariff doubtless led to the inclusion of a large number of American commodities among those receiving higher duties.

Budget proposals for further increases in tariff duties announced early in July, however, affect particularly commodities imported from the United States. These provide for the following duties: gasoline, 6 cents a gallon; tobacco, 12 cents a pound; cigarettes, 24 cents a pound; films,<sup>58</sup> 2 cents a foot; newsprint, \$5 a ton; and radio tubes, 10 per cent ad valorem.

An even more direct reprisal against the United States was embodied in a resolution

56. *Commerce Reports*, April 14, 1930.

57. *Ibid.*, June 30, 1930.

58. It seems that the duty on films was particularly aimed at the United States, as the *New York Herald Tribune* reported on June 19 that the Australian House of Representatives cheered the government's announcement that it was considering a plan to tax American film interests operating in Australia.

introduced in the Australian House of Representatives by the Minister of Trade and Customs providing for an increase of 20 per cent in the duty on logs and sawed timber from Oregon.<sup>59</sup> The aim of this measure was to give preference to British timber, and it was announced that Australia hoped to make a reciprocal arrangement with Canada.

#### NEW ZEALAND

No formal protests were received from New Zealand during the discussion of the 1930 tariff act, but recent measures taken by its government indicate that the effects of the tariff on New Zealand trade have not passed unnoticed. The values of leading commodities in this trade, according to United States statistics, are shown in the following tabulation:

LEADING IMPORTS FROM NEW ZEALAND, 1929	VALUE (In thousands of dollars)
Hides and skins .....	6,800
Combing wool .....	3,122
Whale oil .....	2,700
Sausage casings .....	1,225

LEADING EXPORTS TO NEW ZEALAND, 1929	VALUE (In thousands of dollars)
Gasoline .....	6,643
Passenger automobiles .....	5,901
Electrical appliances .....	2,208
Motor trucks .....	1,975
Agricultural machinery .....	1,716
Lubricating oil .....	1,440

As in the case of Australia, wool and cattle hides were the principal items affected by rate increases.

In the latter part of July the New Zealand government surprised the country by the announcement of a new tariff schedule.<sup>60</sup> The principal increases were: cigarettes, \$2 a thousand; cigars, 75 cents a pound; foreign automobiles, 5 per cent ad valorem; and foreign watches, 25 per cent ad valorem. Duties on a long list of other foreign imports were also increased 5 per cent ad valorem. At the same time added preference was given to 158 items purchased from Great Britain. As the United States ranks second to Great Britain as a source for New Zealand's imports, it is obvious that this tariff revision affects it more than any other foreign country.

59. *New York Times*, June 26, 1930.

60. *New York Times*, July 23, 1930.